lier years are still to be settled; and

(d) what is being done to prevent such delay?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir. There are instructions issued from time to time to the Ministries|Departments to furnish the comments on draft Audit paras within a period of six weeks. Instructions have also been issued emphasising the importance of prompt settlement of audit observations by the administrative authorities and keeping a watch over the clearance of observations outstanding for more than six months.

(b) The Committee are of the view that basically the responsibility for settlement of audit objections rests with the Department.

(c) and (d) The information is not maintained centrally. However, ,Ministries and Departments are reminded from time to time for settlement of Audit paras expeditiously.

**Test Audit in Income Tax Department**

4343. DR. SHRIKANT RAMCHANDRA JICHKAR: Will the Minister of FINANCE be pleased to state:

(a) whether Test Audit was conducted in the year ended 31st March, 1994 in the assessment completed by the Income-tax Department;

(b) if so, how many cases of under-assessment were detected and how much amount was involved therein;

(c) what action has been taken against officers responsible thereto; and

(d) what is being done to prevent such under-assessment?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) The Receipt Audit has referred 14,575 observations of under-assessment involving a total revenue effect of Rs. 595.76 crores for acceptance or otherwise of the Income-tax Department.

(c) Wherever the Receipt Audit points out mistake or incorrect levy of tax, explanation is obtained on the bonafide from the Officer concerned of such mistakes.

(d) Guidelines and Instructions are issued from time to time to prevent occurance of such cases of under-assessment. These are followed up through inspections and monitoring.

**Collection of direct taxes**

4344. SHRI PRAGADA KOTAIAH: Will the Minister of FINANCE be pleased to state:

(a) what is the cost of collection of Direct Taxes for the last three years in absolute value as well as percentage of collection;

(b) whether the expenditure on collection of taxes is increasing;

(c) what is being done to reduce the cost of collection;

(d) whether computerisation has helped in reducing costs;

(e) what is the percentage of salaries and allowances of the staff in the cost of collection; and

(f) what is being done to reduce these costs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) The desired information is given in the Statement (*See* below).

(c Question does not arise in view of (a) & (b) above.

(d) Yes, Sir.

(e) The desired information is given in the Annexure.

(f) Question does not arise.

**Statement**

*Cost of collection of Direct Taxes During last three years*

(In thousands of Rupees)

| Year | Salaries | Other Heads | Total cost of collection | | Percentage of slaries (with reference to Total Cost of Collection) |
|---|---|---|---|---|---|
| | | | In absolute terms | in percentage of collection | |
| 1991-92 . . | 185,63,06 | 67,06,79 | 252,69,85 | 1.65% | 73.46% |
| 1992-93 . . | 212,51,80 | 79,78,48 | 292,30,28 | 1.63% | 72.70% |
| 1993-94 . . | 233,64,68 | 92,84,69 | 326,49,37 | 1.62% | 71.56% |

**Assessees of Interest Tax**

4345. SHRI RAM RATAN RAM: Will the Minister of FINANCE be pleased to state:

(a) what was the number of assessees of interest tax during the last three years;

(b) what is the reason for such low number of assessees when lakhs of people earn interest; and

(c) what is being done to increase the assessees and prevent interest Tax avoidance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) The number of interest-tax assessees are as follows:—

| Financial Year | No. of Interest-tax assessees. |
|---|---|
| 1991-92 . . . | 142 |
| 1992-93 . . . | 850 |
| 1993-94 . . | 1,385 |

(b) Not all assessees who earn interest are liable to pay tax under the Interest-tax Act. 1974. It is only the credit institutions defined under section 2(5A) of the Interest-tax Act, 1974 which include banking companies, State Financial Corporations and other financial companies, who are liable to pay Interst-tax;

(c) While under section 7(1) of the Act, every credit institution should file voluntray return of interest-tax, section 7(2) authorises the assessing officer to issue notices calling for the returns. Further, where interest is escaping assessment the assessing officer can issue notice under section 10 of the Act. Correlation of the income-tax and interest-tax records are made to see that the eligible assessees file returns under the Interest-tax and also to prevent interest-tax avoidance.

**Pending cases of Direct Taxes**

4346. SHRIMATI BASANTI SARMA: Will the Minister of FINANCE be pleased to state:

(a) whether the Central Board of Direct Taxes have issued specific instructions for taking timely action on audit observations so as to avoid cases becoming time-barred leading to loss of revenue;

(b) what is the number of cases which have become time-barred during the last three years;

(c) whether Government have identified Officers responsible for letting the cases become time-barred and what action has been taken against them; and

(d) what is being done to prevent such inordinate delays?